



ARIZONA STATE RETIREMENT SYSTEM

3300 NORTH CENTRAL AVENUE • PO BOX 33910 • PHOENIX, AZ 85067-3910 • PHONE (602) 240-2000
7660 EAST BROADWAY BOULEVARD • SUITE 108 • TUCSON, AZ 85710-3776 • PHONE (520) 239-3100
TOLL FREE OUTSIDE METRO PHOENIX AND TUCSON 1 (800) 621-3778
EMAIL ADDRESS: ASKMAC@AZASRS.GOV • WEB ADDRESS: WWW.AZASRS.GOV

Paul Matson
Director

SUMMARY OF THE PUBLIC MEETING OF THE ARIZONA STATE RETIREMENT SYSTEM INVESTMENT COMMITTEE

HELD ON
Monday, April 16, 2012
2:30 p.m.

The Arizona State Retirement System (ASRS) Investment Committee (IC) met at 3300 N. Central Avenue, 14th Floor, Phoenix, AZ 85012. Mr. Tom Connelly, Chair of the IC, called the meeting to order at 2:31 p.m.

1. Call to Order; Roll Call; Opening Remarks

Present: Mr. Tom Connelly, Chair
Mr. Chris Harris, Vice-Chair
Prof. Dennis Hoffman (arrived at 2:35 p.m.)

Absent: None.

A Quorum was present for the purpose of conducting business.

2. Approval of Minutes of the February 13, 2012 Public IC Meeting

Motion: Mr. Chris Harris moved the minutes of the February 13, 2012 Public IC meeting be adopted. Mr. Tom Connelly seconded the motion.

By a vote of 2 in favor, 0 opposed, 0 abstentions, 1 excused and 1 vacancy, the motion was approved.

Prof. Dennis Hoffman arrived at 2:35 p.m.

3. Presentation, Discussion, and Appropriate Action Regarding the ASRS Asset Allocation Study – Part 1

Mr. Gary Dokes, Chief Investment Officer, introduced Mr. Allan Martin, Partner, New England Pension Consultants (NEPC), and Mr. Tim McCusker, Partner, NEPC, who addressed the Committee regarding an asset allocation study analysis based on collaboration between NEPC and the ASRS. Mr. Martin and Mr. McCusker reviewed the asset allocation study process including the methodology, assumptions, inputs and constraints; a comparison of output scenarios including risk and return statistics, and efficient frontier plotting; and a sensitivity analysis of scenarios including factor exposures, systemically important entities, and intrinsic systemic risk.

The current ASRS asset allocation policy schematic was also presented for discussion. Mr. Mark Kirtzman, Principle, Windham Capital Management, presented a portfolio risk analysis to the Committee focusing on topics such as exposure to loss, factor analysis, and intrinsic systemic risk.

Committee members and staff had a detailed discussion on the asset allocation study and possible policy recommendations. The Committee agreed to meet at an interim IC meeting in late April or early May to approve any recommendations and forward to the full ASRS Board for review and adoption.

4. Presentation, Discussion, and Appropriate Action Regarding the Internally Managed Equity (E) and Fixed (F) Portfolios Trade Execution and Broker/Dealer Counterparty Analysis

Mr. Gary Dokes, Chief Investment Officer, introduced Mr. Dave Underwood, Assistant Chief Investment Officer, and Mr. Al Alaimo, Fixed Income Portfolio Manager, who addressed the Committee regarding the internally-managed Equity and Fixed Income portfolios with regard to their strategies, broker/dealer relationships, trade executions, and performance measurements. The discussion was a follow-up to the February ASRS Board presentation and a related Trustee question with respect to internally-managed portfolios and best execution of trades. Mr. Alaimo gave an overview of the F2 Portfolio trading including its strategies and positioning. Mr. Underwood, after a discussion regarding trading, gave an overview of the Equity portfolios including management activities and strategic partners.

5. Presentation, Discussion, and Appropriate Action Regarding the Investment Management Division's House Views

Mr. Dokes stated there were no significant changes to the IMD House Views since the February IC meeting.

6. Presentation, Discussion, and Appropriate Action Regarding Director's Asset Class Committee Update: Private Market Committee (PRIVMC) and the Public Markets Committee (PUBMC)

Mr. Dokes presented a recap of the Asset Class meetings that had occurred since the February 13, 2012 IC meeting. Mr. Dokes also presented an overview of upcoming asset class meetings.

7. Call to the Public

No members of the public requested to speak.

8. Adjournment

The meeting adjourned at 5:46 p.m.

Respectfully submitted,

Zach Kucera, Secretary

Date

Gary Dokes, Chief Investment Officer

Date